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## Eiserv, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Tien Tsin Huang - JP Morgan.

#### Tien Tsin Huang - JP Morgan

On the internal revenue growth target for 2008, it now looks like it's about 2%, if I'm calculating that correctly, down from your previous target of 4%. Can you rehash what's driving the change there?

#### Thomas J. Hirsch

The biggest thing of that change at the second quarter is primarily I would say in three areas. One, in our home equity business. As we talked about, we planned on having more revenue from the base business there. That business is down \$6.0 million from the second quarter and we have sold a lot of new product as far as our home retention product in addition to that. So that had a fairly big negative impact on our growth rate, roughly about 3%, 2% overall for the company and 3% in the financial segment. So that was a major driver, from that standpoint. And that was the biggest thing we had.

The other thing I would say is that as far as the large licenses and discretionary spending has tailed off a little bit in the third quarter, a little lower than what we planned. But I would say the biggest item is the home equity business. That has been offset by good growth in our payments business. We are up sequentially in that group and we continue to see good growth there but the financial segment was definitely impacted by the large home equity downturn. And also the discretionary spend on licenses, which does impact businesses such as our credit union business and some of the professional services.

#### Jeffery W. Yabuki

And I would say that you will recall that a fair amount of the boost that we were anticipating seeing in Q3 and in Q3, but really in Q3, was kind of the comparative benefit of the sharp decline that we saw in the home equity market, as Tom referenced earlier, in the prior year. And frankly, we did not anticipate this steep decline that it has continued to be on. That coupled with specifically in the area of discretionary and upgrade types of licenses, we don't see giant holes but we see a fair amount of softness across that horizon. So there aren't big holes but these small items aggregate up to make a difference. Those are the two primary areas.

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